

MINUTES

**California Pollution Control Financing Authority
915 Capitol Mall, Room 587
Sacramento, California
January 25, 2011**

1. CALL TO ORDER & ROLL CALL

Bettina Redway, Chairperson, called the California Pollution Control Financing Authority (CPCFA or Authority) meeting to order at 11:13 a.m.

Members Present: Bettina Redway for Bill Lockyer, State Treasurer
Cindy Aronberg for John Chiang, State Controller
Miriam B. Ingenito for Ana J. Matosantos, Department of Finance

Staff Present: Michael Paparian, Executive Director
Sherri Kay Wahl, Deputy Executive Director

Quorum: The Chairperson declared a quorum

2. MINUTES

Ms. Redway asked if there were any questions or comments concerning the December 15, 2010 meeting minutes. There were none.

Ms. Redway asked if there was a motion.

Ms. Aronberg moved approval of the minutes; upon a second, the minutes were approved by the following vote: Bettina Redway, aye; Cindy Aronberg, aye; and Miriam B. Ingenito, abstain.

3. EXECUTIVE DIRECTOR'S REPORT

Mr. Paparian introduced the newest member of the CPCFA staff. Christine Shephard joined CPCFA at the beginning of the year as an Office Technician. Ms. Shephard brings very useful private sector office experience to her new position and will be working with the backbone of the CPCFA organization, the administrative team.

Mr. Paparian reported that staff continues to work on the expansion of the California Capital Access Program (CalCAP). Since the program started using the new State funds in mid-November, the program has seen a noticeable uptick in activity. In two months, CalCAP has assisted with \$14 million in loans to small businesses using State funds. Staff is now working closely with the Business, Transportation and Housing Agency (BTH) on a joint application to the U.S. Treasury for the expected \$168 million in federal funds CalCAP will be splitting

with the BTH Small Business Loan Guarantee Program.

Staff has had some back-and-forth with the U.S. Treasury on CalCAP's application and staff expects to submit some revisions in the next few days. One of the issues staff will have when CalCAP receives the funds is that some entities are restricted from receiving the federal funds that are currently allowed within the State program. For example, CalCAP allows non-profit organizations to receive loans through the CalCAP program; however, non-profits are not currently allowed in the federal program. Staff will be working on recommendations for how to handle these types of situations upon clarification from the U.S. Treasury of various funding restrictions. Staff also expects to bring a series of regulation changes to assure conformance with federal requirements and address some other program issues.

Mr. Paparian continued to report that in the California Recycle Underutilized Sites Program (CALReUSE), staff is in the process of shifting work on the cleanup program from its Strategic Partners to CALReUSE staff due to a change in anticipated funding. At one time CALReUSE expected to get an additional allocation from Prop. 1C beyond the \$60 million the program received a few years ago. When the available funds were allocated to the Department of Housing and Community Development, CALReUSE had to scale back expectations. One of the ways staff is doing so is by bringing in-house some of the work that was done through the program's Strategic Partners. CPCFA will now be doing most of the work with technical assistance from the Department of Toxic Substances Control. Staff is still working on the CALReUSE Assessment Program Evaluation and is in the final stages of developing several program modification scenarios. Staff expects to have a final report and various recommendations to present to the Board soon. Unlike the Prop. 1C clean-up program, the assessment program uses CPCFA funds.

Mr. Paparian stated that the Bond program received another carry-forward allocation from the California Debt Limit Allocation Committee. This new \$1 billion carry-forward will have to be used in the next three years. Staff needs to report to the Internal Revenue Service by mid-February how much will be allocated to the waste/recycling, water and wastewater categories. This \$1 billion is on top of the prior carry-forward allocation. There is about \$1 billion left in prior allocation from the last two years.

Ms. Redway inquired if two years were left to use the first carry-forward funds and three years to use the second allocation.

Mr. Paparian responded that the funds are allowed to carry forward for three years. The Bond program has some carry-forward from 2008 that will have to be used by the end of 2011. The carry-over from 2009 must be used by the end of 2012, and the 2010 carry-over must be used by the end of 2013.

There are several very large projects that have the potential for using substantial portions of the prior carry-forward. Staff hopes to have a very large water project sometime in the next couple of months that will use up most, or all, of the prior carry-forward that was allocated for water. Staff also expects a large waste project to seek allocation within the next few months.

Mr. Paparian further reported that staff is looking into ways to assist businesses in accelerating investments through the Bond program. One possibility is to test an idea to have all the major parties in a transaction, including CPCFA, reduce their fees on bonds for equipment investments. The program would likely cap the size of the bond that would qualify, but looks at this as a way to help businesses buy the types of new equipment that they need. Staff will be discussing this idea with stakeholders in the next few weeks. Staff may come back as soon as February with a proposal and give the Board a sense of the reaction from the community as to whether this is something that could help or not.

Ms. Redway asked if this would be short term, for example a year.

Mr. Paparian stated yes, probably short term. The proposal would probably be capped in terms of bond size and capped in terms of the amount of allocation that would go to the program so that CPCFA can see if the proposal would encourage additional investments in equipment.

4. BUSINESS ITEMS

A. REQUEST TO APPROVE INITIAL RESOLUTIONS REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS

1) Zanker Road Resource Management, Ltd.

Presented by: Samantha Russell, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$4,945,000 to finance the purchase and installation of equipment to increase the efficiency of the Construction and Demolition (C&D) Debris Recycling facility owned by the company.

Ms. Redway asked if there were any questions or comments from the Board or public. There were none.

Ms. Redway asked if there was a motion.

Ms. Ingenito moved approval of the item; upon a second, the item was unanimously approved.

2) CarbonLITE Industries, LLC
Presented by: Samantha Russell, Analyst

Staff introduced Mark Holmstedt of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$47,240,000 to finance building improvements and the acquisition and installation of various equipment to recycle Polyethylene terephthalate (PET) plastic.

Ms. Redway asked if there were any questions or comments from the Board or public. There were none.

Ms. Redway asked if there was a motion.

Ms. Ingenito moved approval of the item; upon a second, the item was unanimously approved.

3) Kronos Properties, Inc.
Presented by: Samantha Russell, Analyst

Staff introduced Tony Cone of Westhoff, Cone & Holmstedt.

Staff requested approval of an Initial Resolution for an amount not to exceed \$16,000,000 to finance the purchase of a new site and improvements to two adjacent sites for waste material handling facilities.

Ms. Redway asked if there were any questions or comments from the Board or public. There were none.

Ms. Redway asked if there was a motion.

Ms. Ingenito moved approval of the item; upon a second, the item was unanimously approved.

B. REQUEST TO APPROVE AMENDMENT OF INITIAL RESOLUTION REFLECTING OFFICIAL INTENT TO ISSUE REVENUE BONDS

1) TAMCO
Presented by: Samantha Russell, Analyst

Staff requested approval of an amendment to Initial Resolution 08-03 to increase the dollar amount to an amount not to exceed \$35,000,000 to reflect project cost increases to construct and equip a new Bag House Facility. The Initial Resolution was originally approved on February 27, 2008 for an amount not to exceed \$30,000,000.

Agenda Item 2.

Ms. Redway asked if there were any questions or comments from the Board or public. There were none.

Ms. Redway asked if there was a motion.

Ms. Aronberg moved approval of the item; upon a second, the item was unanimously approved.

5. PUBLIC COMMENT

Ms. Redway asked if there were any comments from the public. There were none.

6. ADJOURNMENT

There being no further business, public comments, or concerns, the meeting adjourned at 11:25 a.m.

Respectfully submitted,

Michael Papanian
Executive Director